



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

IN THE MATTER OF THE PETITION OF)	<u>ENERGY</u>
THE FILINGS OF THE COMPREHENSIVE)	INTERIM GUIDELINES ORDER
RESOURCE ANALYSIS OF ENERGY)	
PROGRAMS PURSUANT TO SECTION 12)	DOCKET NOS. EX99050347,
OF THE ELECTRIC DISCOUNT AND)	EO99050348, EO99050349,
ENERGY COMPETITION ACT OF 1999)	EO99050350, EO99050351,
	GO99050352, GO99050353
	GO99050354

(SERVICE LIST ATTACHED)

BY THE BOARD

On February 9, 1999, the Electric Discount and Energy Competition Act, N.J.S.A. 48: 3-49 et seq. ("the Act") was signed into law. Subsection 12a(3) of the Act provides that the Board of Public Utilities ("Board") shall initiate a proceeding and cause to be undertaken a Comprehensive Resource Analysis ("CRA") of energy programs. This subsection of the Act further requires that the Board, in consultation with the Department of Environmental Protection ("DEP"), shall determine the appropriate level of funding for energy efficiency and Class I renewable energy programs.

Background

To facilitate resolution of the issues surrounding the Comprehensive Resource Analysis, Board Staff ("Staff") convened a meeting of interested parties on March 18, 1999, for discussion of the proceeding. Staff requested that each party submit by March 26, 1999, comments in writing on the issues to be resolved, and the manner in which the CRA proceeding should be conducted. Numerous comments were received.

The Board's consideration of the comments submitted by the parties culminated in an Order Establishing Procedures, dated June 17, 1999, setting tentative hearing dates and requesting each of the State's seven electric and gas public utilities to make a filing as part of the Comprehensive Resource Analysis proceeding that would address, at a minimum, three principal areas: a proposed demand side management and renewable plan, a proposed funding

plan, and a proposed implementation and administration plan. The utilities' filings also were to include answers to the Board's questions set forth in the June 17, 1999 Order and were to be accompanied by pre-filed testimony. Other interested parties were invited to make their own filings on some or all of the issues outlined by the Board. In accordance with the foregoing, the Board established a filing deadline of August 23, 1999. The Board strongly encouraged the parties to work together to collaborate on joint filings.

Pursuant to the Board's June 17, 1999 Order, CRA filings were made by Elizabethtown Gas Company ("Elizabethtown" or "E'Town"), Docket Number GO99050353; New Jersey Natural Gas Company ("NJNG"), Docket Number GO99050354; Public Service Electric & Gas Company ("PSE&G"), Docket Number EO99050349; South Jersey Gas Company ("SJG"), Docket Number GO99050352; Jersey Central Power & Light Company d/b/a GPU Energy ("GPU"), Docket Number EO99050348; Atlantic Electric d/b/a Conectiv ("Conectiv"), Docket Number EO99050350; and Rockland Electric Company ("RECO"), Docket Number EO99050351.

In addition to the seven utilities and the Division of the Ratepayer Advocate ("DRA"), various parties representing environmental groups and the energy efficiency and renewable energy industries were granted intervenor status.

Evidentiary hearings were held on November 15, 16, 22, 23, 29 and 30, 1999. Throughout the course of the Comprehensive Resource Analysis proceedings, and at the close of the hearings, the parties engaged in negotiations in an attempt to reach a consensus on the terms of an agreement and stipulation for submittal to the Board, which would resolve the various issues of contention in these proceedings.

On February 9, 2000, the parties submitted two different settlement agreements for the Board's consideration in making its required determinations in the Comprehensive Resource Analysis proceedings in accordance with the Act. Elizabethtown, NJNG, PSE&G, SJG, GPU Energy, Conectiv, and Natural Resources Defense Council ("NRDC") jointly filed a Stipulation ("Utilities/NRDC Stipulation") with the Board on February 9, 2000, which was additionally signed by the Environmental Defense Fund ("EDF"), American Wind Energy Association ("AWEA"), BP Solarex, Renewable Ventures, LLC ("RV"), Eastern Heating and Cooling Council ("EHCC") and Honeywell DMC Services, Inc. ("DMC").

Additionally, on February 9, 2000, a Stipulation was filed with the Board signed by the Division of the Ratepayer Advocate ("DRA"), New Jersey Public Interest Intervenors ("NJPII"), SESCO, Inc. ("SESCO"), National Association of Energy Service Companies ("NAESCO"), the New Jersey Coalition of Energy Service Companies ("NJESCO"), ONSITE SYCOM, Astropower, Inc., Energy Photovoltaics, Inc. ("EPV"), GeoSolar, Inc. ("GeoSolar"), GreenMountain.com, H Power Corporation, Mid-Atlantic Solar Energy Industries Association, Siemens Solar Industries, and BP Solarex ("DRA Stipulation"). Comments on the Stipulations were received from NRDC, EDF, RECO, jointly from NAESCO, NJESCO, ONSITE SYCOM, NJPII, SESCO, the DRA, and jointly from the six signatory utilities.

The Board, on June 17, 1999, ordered the utilities to continue implementing any existing demand side management programs until the CRA proceeding provides a replacement or until the last approved plan is modified or discontinued by the Board.

Numerous issues have been extensively argued by the parties to this case, in particular,

program funding. The statewide level of funding, the appropriate level of funding for renewable energy programs versus energy efficiency programs, and the allocation of these funds among the seven electric and gas utilities in New Jersey are all important funding issues in this proceeding. The Act states that as part of the CRA, the appropriate level of funding for Class I renewable energy programs and energy efficiency programs must be determined. Additionally, the Act states that "... funding for such programs be no less than 50% of the total statewide amount being collected in public electric and gas utility rates for demand side management programs on the effective date of the act..." N.J.S.A. 48:3-60(a)(3). The meaning and intent of these statements in the Act were the source of extensive debate and interpretation during these proceedings.

Concerns about the escalating costs of gas and electricity compelled the Board to consider yet another funding related issue in the CRA – that of the impact on retail rates of various proposed spending levels for new programs. Thus, the Board, on August 16, 2000, ordered the parties to the DRA Stipulation, the parties to the Utilities/NRDC Stipulation, and RECO to submit an analysis of the rate impacts of the two proposed stipulations. Additionally, the Board scheduled an evidentiary hearing for October 11, 2000 to further address this particular issue and found it necessary to continue hearings on this issue on November 1, 2000.

While the Board completed this process, it was important that some assurances be provided to interested parties that funding would be available in New Jersey for new energy efficiency and customer sited renewable energy programs. Therefore, on December 4, 2000, the Board issued an order dedicating \$10 million in funding for new energy efficiency and customer-sited renewable energy programs as an interim step prior to issuance of a final Board Order addressing the Comprehensive Resource Analysis. The allocation of this funding was 75%, or \$7.5 million and 25%, or \$2.5 million to energy efficiency and customer sited renewable energy programs, respectively. The Board also determined in the December 4, 2000 Order that, in consultation with the DEP, the Board would oversee the administration of all energy efficiency and renewable energy programs under the CRA and that it would issue further order(s) on the details of CRA funding and administration.

Discussion

As a result of the December 4, 2000 Order, the Board has received applications for renewable energy projects. While there are no programs currently addressing renewable energy projects, by previous Order, energy efficiency programs were to be continued until replaced, and therefore are currently ongoing. This Order addresses guidelines for the interim funding, and the level of funding.

While the Board also acted on the final Order on CRA at the same agenda meeting, the Board recognizes that the utilities will need some time, to establish these new programs. This interim funding will assist the renewable energy and energy efficiency industries during that transition period. Therefore, for the foregoing reasons, the Board DETERMINES that it is appropriate to increase the interim funding from \$10 million to \$15 million and HEREBY ORDERS the immediate implementation of an Interim Customer-Sited Renewable Energy Program. Of the total amount, 25% (\$3.75 million) shall be allocated to customer sited renewable energy programs and 75% (\$11.25 million) shall be available for energy efficiency programs. Any approved spending on these programs will be included in the final approved budget.

The Board DETERMINES that the Interim Customer Sited Renewable Energy Program will consist of a buy down program similar to that proposed by both the DRA and the Utilities/NRDC Stipulations as outlined herein. Any customer sited Class I renewable technology as defined in the Act and up to 100 kW systems shall be eligible to be considered for this incentive. The program is available statewide and shall be limited to a maximum of \$3.75 million in incentives, until such time as the final program funding becomes available. The incentive shall be based on the system rated capacity and shall provide \$5 per watt for systems up to a maximum of 10 kW and provide \$4 per watt for systems greater than 10 kW up to a maximum of 100 kW. Systems greater than 100 kW shall not be eligible for interim funding due to their ability to exhaust the funding with a small number of projects. Under the interim program, the total incentive for any single project cannot exceed 60% of the total project costs for this initial program.

Incentives shall be provided on a first come, first serve basis for qualified projects. To qualify for the incentive, a project must be sized such that the electricity produced is intended and expected to primarily offset part or all of the customer's electricity requirements. Project proposals shall be submitted to Board Staff for review of eligibility in accordance with the guidelines set forth herein by the Board. Qualifying projects shall receive a letter confirming the reservation of funds for a period of twelve months and describing the customer's rights and procedures for filing complaints with the Board. A project must be completed within 12 months and comply with all eligibility criteria described in this Order in order to receive an incentive payment. Board Staff shall subsequently forward the approved request for payment to the appropriate utility for prompt payment of the predetermined incentive.

Project proposals for fund reservation must include: the customer's signature on a purchase order, letter of intent, or a copy of a signed contract; a complete project description, including the renewable technology to be installed, the project location, the system rated capacity with appropriate proof, a contact name and phone number, estimated timeframe for project completion, the most recent twelve months of energy billing history for existing structures (to enable a comparison between existing usage and proposed system capacity), or if new construction, a certification indicating the system will supply power to primarily offset part or all of the customer's electricity requirements and not solely supply the grid; and the name of the installer, retailer manufacturer and applicable distribution utility. The total project costs shall include a five-year full system warranty at no additional charge. Board Staff may request any information necessary for its review and may require access for random inspection. Responses to such requests shall be submitted promptly. Project proposals shall be considered upon issuance of this order.

The Board further DETERMINES that the eligibility criteria for issuance of an approved incentive payment are: fulfillment of all contract obligations and fund reservation terms; proof that all required permits have been obtained and that the installer has complied with all applicable codes; proper installation of the system; operation of the system in accordance with specifications; and verification that the system produces the appropriate amount of electricity.

The energy efficiency funding of \$11.25 million, shall also be made available immediately upon the Board's issuance of this Order. The Board DIRECTS that this funding be dedicated to new energy efficiency programs only, as described in the Board's Final CRA Order, and the utilities begin processing applications for this funding immediately upon establishment of those new programs. The Board DIRECTS up to \$1.5 million of the energy efficiency funding be dedicated to the Residential Low Income Program to be used to expedite the statewide implementation of this program. The Board expects that all seven of the utilities will work together implement this

program as quickly as possible to address the rising costs of home heating bills for those residential customers in New Jersey least able to deal with these increased prices.

The Board further DIRECTS that this Order remain in effect only until the utilities begin implementation of the programs established under the Board's Final Order on CRA. After that time, any remaining funding under the interim order shall be included in the overall renewable energy and energy efficiency funding programs established under the Final Order.

Nothing in this Order should be construed to bind the Board to continue this allocation of funds or policy when the Board makes its final decision. However, it is anticipated that the guidelines to be issued as a result of the Final CRA Order will in large part mirror and enhance these guidelines.

DATED: March 7, 2001

BOARD OF PUBLIC UTILITIES
BY:

(SIGNED)

HERBERT H. TATE
PRESIDENT

(SIGNED)

FREDERICK F. BUTLER
COMMISSIONER

I abstain from rendering a decision on this matter.

(SIGNED)

CAROL J. MURPHY
COMMISSIONER

ATTEST:

(SIGNED)

FRANCES L. SMITH, ESQ.
BOARD SECRETARY

SERVICE LIST

Blossom Peretz, Director
Bud Ubushin
Nusha Wyner
Division of the Ratepayer Advocate
31 Clinton Street
P.O. Box 46005
Newark, NJ 07101

Patricia K. William, Esq.
Archer & Greiner, P.C.
One Centennial Square
P.O. Box 300
Haddonfield, NJ 08033

Richard E. Shapiro, Esq.
Richard E. Shapiro, LLC
Carnegie Executive Center
Suite 206
212 Carnegie Center
Princeton, NJ 08540

Christopher W. Siebens
GPU Energy
2800 Pottessville Pike
P.O. Box 16001
Reading, PA 19640

Kevin Moss, Vice President
T.J. Kononowitz, Senior V.P.
Regulatory Affairs
New Jersey Natural Gas Co.
Wyckoff Road – P.O. Box 1464
Wall, NJ 07719

J. Mack Wathen
Walt Davis
Atlantic City Electric Co.
800 King Street
P.O. Box 231
Wilmington, DE 19899

Helene Wallenstein, SDAG
Dept. of Law & Public Safety
124 Halsey Street – 5th Flr.
P.O. Box 4529
Newark, NJ 07101

Julie L. Friedburg, Esq.
Pauline Foley, Esq.
Thelan Reid & Priest LLP
65 Madison Avenue
Morristown, NJ 07960

Richard Fryling, Jr., Esq.
Gerald W. Schirra
Public Service Electric & Gas Co.
80 Park Plaza
Newark, NJ 07102

Athena Sarafides
Michael Winka
Sandra Chen
Dep. Bur. Of Regulatory Dev.
401 East State St. – 7th Flr.
P.O. Box 418
Trenton, NJ 08625-0490

Bill Mathesius
Dolores Phillips
Energy Photovoltaics, Inc.
Geosolar, Inc.
58 Crusher Road
Hopewell, NJ 08525

James T. B. Tripp, Esq.
Environmental Defense Fund
257 Park Avenue south
New York, NY 10010

SERVICE LIST

S. Lynn Sutcliffe, President
Onsite Sycom
27 Worlds Fair Drive
Somerset, NJ 08873

James R. Lacey, Esq.
Graham, Curtin & Sheridan
4 Headquarters Plaza
P.O. Box 1991
Morristown, NJ 07962-2991

Richard M. Esteves
SESCO, Inc.
77 Yacht Club Drive
Suite 1000
Lake Forest, NJ 07849

Zazzali, Zazzali, Fagella & Nowak
One Riverrfront Plaza
Newark, NJ 07102

Frank A. Migneco
Lawrence Sweeney
Maura H. Watkins
GPU Energy
300 Madison Avenue
P.O. Box 1911
Morristown, NJ 07962-1911

R. William Potter, Esq.
Potter & Dickson
194 Nassau Street
Princeton, NJ 08542

James C. Meyer, Esq.
Riker, Danzig, Scherer, Hyland
& Perretti
Headquarters Plaza
One Speedwell Avenue
Morristown, NJ 07962-1981

Lyle Rawlings, PE
Mid-Atlantic Solar Energy
66 Snyderstown Road
Hopewell, NJ 08525

David Holland
Regional Operations Manager
Honeywell DMC Services, Inc.
Wayne Interchange Plaza 1
143 Route 46 West
Wayne, NJ 07470

John Williams, Esq.
NJPII
PACE University Law School
78 No. Broadway, E-House
White Plains, NY 10603

Randall Swisher
American Wind Energy Association
122 C. Street NW
Washington, DC 20001

Ira Megdal, Esq.
Davis, Reberkenny & Abramowitz
499 Cooper Landing Road
Box 5459
Cherry Hill, NJ 08002

Mary Patricia Keefe, Esq.
Thomas Kaufmann

Mark L. Mucci, Esq.
LeBoeuf, Lamb, Greene & MacRae

SERVICE LIST

NUI
One Elizabethtown Plaza
P.O. Box 3175
Union, NJ 07083-1975

One Riverfront Plaza
Newark, NJ 07102-5490

David R. Wooley, Esq.
Young, Wooley & Moore
Plaza Office Center
122 South Swain Street
Albany, NY 12210

Michael Walker, Vice President
Renewable Ventures LLC
1140 Kildaire Farm Road – Suite 304
Gary, NC 27511

First Solar
Mid-Atlantic Solar Energy
66 Snyderstown Road
Hopewell, NJ 08525

Frank Marino, Esq.
Paul F. Mapeli, Esq.
Rockland Electric Company
One Blue Hill Plaza - 4th Floor
Pearl River, New York 10965

Paul Savage
Nextek Power Systems, Inc.
405 W. 23rd Street
New York, NY 10011-1417

Dale S. Bryk, Esq.
Natural Resources Defense Council
40 West 20th Street – 11th Flr.
New York, NY 10011

Alice Bator, Chief
Bill Barretti
Mona Lee Mosser
Peter Yochum, chief
Alma Rivera
Sidney Palius
New Jersey Board of Public Utilities
Division of Energy
Two Gateway Center – 9th floor
Newark, NJ 07102